



Minutes
June 5, 2008
Santa Monica-Malibu Unified School District
Joint Meeting of the Financial Oversight Committee
and the Board of Education
Location: SMMUSD Board Room
1651 16th St./Santa Monica, CA

Attendance: (*Committee Members*) Paul Silvern (*Chair*), Patricia Hoffman, Gordon Lee, Cheryl Stecher, Carrie Wagner. (*Staff*) Jan Maez, Dawn Smithfield. (*Board Members*) Oscar de la Torre, Jose Escarce, Maria Leon-Vazquez, Ralph Mechur, Kelly Pye, Barry Snell, Kathy Wisnicki.
Absent: *Ben Allen, Craig Hamilton, Denny Kernochan, Cynthia Torres.*

The Financial Oversight Committee Joint Meeting with the Board began at 7:15 p.m. Ms. Maez introduced those FOC members present, who were welcomed by Oscar de la Torre, Board President.

Notes: Attached to this document are the Board Minutes of Item D.01:
Joint Meeting (1 Hour) with Financial Oversight Committee (FOC).

Full text of the June 5, 2008 FOC Report to the Board, *Presentation to the Board of Education by the Santa Monica-Malibu Unified School District Financial Oversight Committee*, included in separate document, *Mn060508FOCBrdPres.*

The FOC Joint Meeting with the Board adjourned at 8:43 p.m.

TO: BOARD OF EDUCATION

DISCUSSION

06/05/08

FROM: DIANNE TALARICO / JANECE L. MAEZ

7:00 p.m.

RE: JOINT MEETING (1 HOUR) WITH FINANCIAL OVERSIGHT
COMMITTEE (FOC)

DISCUSSION ITEM NO. D.01

In June 2003, voters approved a qualified special property tax known as Measure S, which authorized the levying of a special per parcel tax within the boundaries of the Cities of Santa Monica and Malibu for (6) years. A significant provision of this particular Measure was the formation of a Board-appointed "resident taxpayer oversight committee to review administration of and compliance with Measure S. The Financial Oversight Committee (FOC) was charged by the Board of Education with those Measure S responsibilities.

Furthermore, Measure S also required that, the FOC review the independent financial audit of all Measure S expenditures and financial activities for the immediately preceding fiscal year and review spending projections for the upcoming fiscal year. The FOC reports its findings on these matters as part of its annual report to the Board. This will be the final year for the report on Measure S as the voters approved a new parcel tax, Measure R, on February 5, 2008. This Measure combined and replaced the previous Measure S and Measure Y parcel taxes. Beginning with fiscal year 2008-09, the FOC will assume the oversight responsibilities associated with Measure R. (Action appointing the FOC as the oversight committee for Measure R is expected during the major action item portion of this Board Meeting.)

Therefore, in compliance with the foregoing, the Board of Education will convene a joint session with the Financial Oversight Committee on June 5, 2008 at 7:00 p.m. for the purpose of addressing the following items:

- I. Report from the FOC as presented by Chair Paul Silvern
 - A. Introduction
 - B. Summary of FOC Activities During FY 2007-08
 - C. Report on Measure S Expenditures
 - D. Views on the Proposed 2008-09 District Budget
 - E. Proposed FOC Focus for FY 2008-09

II. Discussion between the Board of Education and the FOC

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Public Comments:

- Glean Davis, a member of the community, voiced her support for the FOC suggestions.

CFO Jan Maez introduced the FOC members. Chair Paul Silvern summarized the FOC report, which can be found at the end of these minutes under Attachments.

Dr. Escarce said he disagreed with the FOC's phrase "persistent deficit spending." He said that during this budget crisis, the district is having to make large budget cuts, and should draw on the reserve funds to support programs that are valuable to students. Ms. Maez suggested that the district might want to evaluate its budgeting practices and that the FOC could assist in that process. Mr. de la Torre proposed SMMUSD examine best practices for budget planning in other districts. Dr. Wisnicki suggested the district could receive budget planning and deficit spending advice from a group like FCMAT. She expressed her confidence in the district's financial health. Ms. Hoffman said the district has a reserve due, in part, to measures such as aggressive hiring freezes and approving interdistrict permits. Mr. Silvern warned against including large, one-time funding sources in the budget planning process, considering they can be unreliable from year to year. Ms. Leon-Vazquez commented that a school district needs to find a balance between the needs of the children and teachers with fiscal responsibility. Mr. Snell suggested examining existing models to gradually reduce budget deficits. He and Mr. Mechur welcomed FOC involvement regarding cost reductions in Special Education, while maintaining programs. Ms. Pye asked for more analysis addressing where the district is historically regarding carryover, managing student attendance, and a deliberate approach to spending reserves. Ms. Hoffman suggested the district not use one-time money to fund ongoing programs. Mr. de la Torre suggested the idea of a model to incentivize teachers who teach in places of greatest need. Mr. Silvern clarified for Mr. de la Torre that he has never opposed future raises for labor groups, but has expressed concern regarding the percentage of an increase.

The board unanimously supported having the FOC review the district budget prior to the onset of labor negotiations. The board also agreed to the FOC assisting in developing a financial model for the Special Education program.